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Executive Registry

74-423

5 JUL 1974

MEMORANDUM FOR: Secretary, CIA Management Committee

SUBJECT: Agency Personnel Ceiling

1. For many years the only external control placed on CIA employment was an OMB-imposed ceiling on end-of-year staff employment. OMB paid little attention to contract, indigenous, or part-time employment and placed no controls on these categories. The control on staff employment came to us each year as part of the formal OMB allowance letter which sets forth dollar and staff personnel totals for the budget year to come. Our overall personnel structure has been geared to this staff ceiling with positions classified as to function and grade by the Office of Personnel and reflected in the Position Control Register. Contract positions were not subject to Office of Personnel review and control and were subject to no overall ceiling. For the past several years, however, an internal ceiling has been placed on contract personnel levels.

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2. For 1975, the OMB allowance letter of January 1974 established the usual ceiling on staff personnel [redacted] end-of-year) and a new ceiling on the combined total of staff and contract employment of [redacted]. The 25X9A2 letter further stated that we should move to an employment reporting system consistent with those of other Government agencies as soon as possible. This issue was discussed with the Director at the time and he agreed to it, and in subsequent testimony before both the House and Senate about the new ceiling he indicated his desire to regularize our personnel accounting practices.

3. As we have considered the implications of this new ceiling concept on Agency personnel practices over the past few months, three basic points have emerged, the last of these only very recently. First, the imposition of a de facto ceiling on contract employment makes it necessary to amend our monthly on-duty strength report to OMB to include not only staff personnel but also contract personnel. This report will explain in a continuing way where we are with respect to end-of-year ceilings. (The 31 July report would normally be submitted to OMB in September or October.) Second, because the on-duty figures which will become available monthly to OMB are substantially below the contract position ceiling

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25X9A2 shown in the budget, they may possibly suggest to OMB the possibility of further cuts in contract ceiling. We have, therefore, given considerable thought to the various ways in which we might present a budget which will make this eventuality less certain. The third point is considerably more complicated, and has to do with the question of how large CIA should be. On the one hand it has been reasonably clear that the Director is disposed towards continuing past practices and once again, in 1976, effecting an overall personnel reduction. (He said during the course of his review of the ADD Report for 1975 that a 1976 overall ceiling of about [REDACTED] might be desirable.) On the other hand it is clear from the ADD Report and the responses to the 1976 Program Call that the Directorates believe certain absolutely essential increases are required for 1976. It is obvious that these essential increases will have to be accommodated either by an overall increase in Agency size, which probably would be unacceptable to both the Director and OMB, or by further corresponding reductions in other CIA functions.

4. In considering our recommendations to the Director for 1976, we have given considerable attention to the possibility that there is the opportunity in this budget to accommodate some of the desired and justified increases within a budget which does not reflect any increase in overall ceiling. This opportunity arises from the fact that a certain number of the Agency's present staff and contract positions are, in fact, filled by personnel who work on a part-time basis and who are, in some instances, counted on a two-for-one basis against our ceiling. In other departments of Government OMB pays most attention to the ceiling on full-time permanent employment. All other employment, i.e., part-time, temporary, and summer only, is considered by OMB not on a one-for-one basis but in terms of full-time equivalents. It has seemed to us, therefore, that some modification of the way we count employees might enable us to free for use elsewhere some of the full-time staff and contract ceiling blocked by part-time employees. As of the end of May, for example, there were 75 part-time staff personnel, of which 42 were included in our on-duty count within staff ceiling. In addition, some 265 contract part-time personnel were on duty, of which 141 were counted against our contract ceiling. If we were to adopt the Government-wide conventions, these part-time personnel would be reflected in our budget on a full-time equivalent basis and would be neither counted nor reported against our permanent employment ceiling. Because many part-timers currently are counted on a two-for-one basis, we estimate that 150 - 180 full-time positions might be made available for new functions as the temporary and

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part-time personnel now occupying these positions were moved to new categories of employment where they would not encumber ceiling. It seems logical that the ceiling thus released should become available for other needs with no loss in manpower resources to the components utilizing part-time personnel.

25X9 5. To summarize, we are suggesting that in the 1976 budget the Agency's personnel situation be presented in terms of the following categories: (a) full-time permanent (FTP) positions (staff and contract, totaling [REDACTED] (b) the full-time equivalent of all other Agency personnel (the category would include part-time working wives, all other part-time, temporary, and intermittent employees, including summer only), (c) consultants, and (d) indigenous employees. In our budget presentation we would continue to present a schedule of position grades in accordance with present practice, modified to reflect our total full-time permanent positions (i.e., [REDACTED]. The schedule would include, as in the past, all GS-equivalent, executive pay, military, SPS, and ungraded staff positions. We would try to the extent desirable and possible to include contract positions in like manner. Wherever possible the Agency's present [REDACTED] contract positions would be assigned a GS grade in accordance with the salary of the present incumbent. Where for operational or other reasons essential for the Agency's overall need for flexibility this would not be desirable, contract positions would be established without grade or with a grade range (say GS-9 - 14). In the absence of a directorate-by-directorate analysis of which contract positions ought to be given the normal functional classification and grade, we are unable to estimate exactly how many of the present [REDACTED] positions would be so treated, but it is our general view that a majority of today's contract positions could be classified by the Office of Personnel and assigned grades.

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6. Early consideration of the issues discussed above is important as a decision must be made now on the manner in which we address the personnel question in our 1976 budget. Also, the Director of Personnel will require time to develop new policy, procedures, and control mechanisms oriented toward our new single ceiling concept, and to assess the impact on existing and planned ADP programs, systems and procedures. In addition, we expect the process to require an educational effort directed toward operating officials and personnel officers throughout the Agency to ensure the effective transition from our present separate treatment of staff and contract ceilings and personnel

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to a new approach in which these are combined. A set of questions and answers about this proposal is attached.

/s/

for JOHN D. IAMS
Comptroller

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Attachment:

As stated

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1. What personnel ceilings are imposed by OMB? Does Congress impose any employment ceilings?

OMB's ceiling on Agency personnel for FY 1975 is in two segments. The first, consisting of a ceiling on staff employment at [REDACTED] is not new; we have had ceilings on staff personnel for many years. The second segment is new for 1975, and consists of a ceiling on total staff plus contract employment of [REDACTED]. For 1976 we hope to persuade OMB to amend this to one ceiling covering staff and contract employment. We have informal indications that they are agreeable to this proposal. Congress does not impose a ceiling, but is acutely sensitive to changes in numbers of people employed.

2. Does this mean that there is a limit on the number of contract people we can now have on board?

Yes and no. We are limited to [REDACTED] full-time contract employees on board as of 30 June 1975. As with staff personnel, however, we are free to exceed this limit during the year provided that we make the 30 June ceiling. However, both dollar and average employment (A.E.) constraints would serve to generally limit the extent to which the ceiling could be temporarily exceeded.

3. Does the "single ceiling" include indigenous personnel?

Not at the present time. We would expect that eventually indigenous personnel would be included within an expanded single ceiling. OMB has agreed that to include another [REDACTED]-odd indigenous employees within our single ceiling at this time would put us in a difficult position with Congress. Our basic agreement is that when (and if) Southeast Asia indigenous personnel levels decline dramatically, we will consider including this category under our single ceiling.

4. Under the single ceiling concept can I convert people presently under contract to staff?

Yes, but only within the limits of the 1975 staff ceiling, because of the wording of OMB's allowance letter to us. We should have this flexibility beginning with Fiscal 1976, when we hope to have a single ceiling made up of full-time permanent (FTP) positions which can be filled by either staff or contract personnel.

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5. What is the major criterion I should use in deciding whether to hire employees in a staff or contract capacity?

The major criterion which should be used in deciding whether an individual should be hired as a staff or contract employee is the expected duration of employment. Should the applicant be considered for a career with the Agency, or will the need for someone with his skills be transitory? A secondary, but nonetheless important criterion might be security factors.

6. What is the Government-wide definition of a full-time permanent (FTP) position?

The Government's definition of a full-time permanent (FTP) position is one which has been established without time limit, or for a limited period of a year or more, or which, in any event has been occupied for a year or more (regardless of the intent when it was established).

7. What other type of position is there?

The only other type of position is a temporary position. A temporary position is one which has been established for a limited period of less than a year and which has not been occupied for more than a year. We do not propose any of our ceiling positions be identified as temporary.

While there are only two types of positions, there are other categories of employment. For the Government as a whole, less-than-full-time employees for budget purposes are counted only on the basis of man-years of effort or what is called full-time equivalent employment. This is the approach we would hope to apply for CIA employees who are other than full-time employees. It would mean that an individual office would receive a fixed numerical ceiling for all full-time permanent employment (including staff and contract), and hiring authorization in the form of a total dollar ceiling for use in hiring non-full-time employees. For example, EA Division might receive \$250 thousand to be used to pay part-timers, temporaries, intermittents, summer-only employees, and working wives overseas with very few other internal controls beyond the agreed criteria for the use of these categories of employees.

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8. What is OMB and the Congress likely to require of me when reporting against my ceiling?

You will be required to report actual people on board occupying full-time permanent positions for 1975, distinguishing between staff and contract personnel. For 1976 we are hopeful that one figure combining both categories can be used.

9. What controls over FTP's are likely to be imposed on me by OMB? By the Agency? How many part-time employees can we hire?

The major control is simply the end-of-year full-time permanent ceiling beginning with 1976. Also, of course, a dollar total for A.E. associated with this ceiling level will be given to you in the course of the budget process. Part-time employment levels converted to full-time equivalent and expressed as A.E. must be reflected in the budget and OMB will expect total dollar requirements to remain reasonably constant, with fluctuations justified and explained.

10. Will I have to classify every FTP position according to the GS schedule?

No, although every effort should be made to classify positions according to the GS schedule. However, a significant number of staff positions are not now classified and we would anticipate that in some parts of the Agency contract positions should not be classified.

11. If not all my FTP positions are classified, how will I have to control these and report on them?

Only the occupancy of the unclassified positions will be controlled and reported. The total number of occupants (i.e., employees) would, of course, count in total ceiling.

12. What are the advantages to the Agency of a single ceiling?

The advantage to the Agency of a single ceiling is primarily that it would facilitate each manager's review of his workload problems in the context of total resource requirements. It will also enable greater flexibility in converting employees who are currently employed in contract

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status to staff if we and they desire. Another advantage is that it will eliminate a basis for past criticism of our personnel practices as concealing our true manpower requirements.

13. Do any advantages accrue to me or will I simply lose flexibility in management of my personnel?

We argue that you will gain some flexibility in management and personnel. You will be free to use staff or contract people as needed and those personnel who are part-time or temporary and currently carried against specific positions and charged against ceiling will be accounted for essentially only in terms of dollar limitations with, of course, some rules as to their use.

14. Suppose I start a new collection program which I expect to end in three years. Will these positions be called "permanent"? If so, why?

Yes, these positions will be called permanent because they are expected to last at least one year.

15. Where would I find the above positions? What happens to them when the operation is over?

The positions needed for the new collection program will have to be justified with the DCI and OMB. When the activity is over, you will be able to retain them for your own use if they can be justified for new or expanded programs. If not, they will be moved elsewhere in the Agency for someone else's use, or they will disappear in an overall Agency reduction.

16. What kind of employment terms (staff or contract) should I offer to the individuals I hire to fill these positions?

As a general rule you should offer staff employment to individuals that you would hire for a project or on-going activity if you anticipate that their skills would be useful to the Agency over the long term. If their skills were particularly perishable or if they were people who, for any reason, should not be considered for career employment or could not meet staff employee standards, we would hire them on a contract basis.

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17. Suppose I have had a chemist working for me for 10 years as a contract employee. Can I now convert him to "staff"? What criteria should I use if I wish to do so?

Assuming that OMB will agree to our overall proposal as discussed above, in FY 1976 you will be able to convert this employee to staff status. Criteria to be employed mostly relate to whether or not you think the Agency should establish (or has already established) a career commitment to the individual in question.

18. Do I understand that an employee hired under contract can occupy a FTP position? Why is this, if I've hired him for one year only?

Yes. An employee hired under contract can occupy a full-time permanent position. The nature of the position (i.e., permanent) rather than the nature or category of employment (i.e., contract or temporary) is controlling. If the employee does not work full-time, however, you will be wasting part of the position.

19. Suppose I have a former employee (GS-15) now working for me under half-time contract? Under the single ceiling, would she count against my T/O? If so, how?

Under the new concept, the former employee referred to here would not count against ceiling unless you assign her to a full-time permanent position ceiling. Her man-hours would be accounted for under the overall controls established for part-time or temporary employees.

20. What is a "personal services contract"? Does this count against ceiling?

A person hired under a personal services contract as an independent contractor is not a CIA employee and does not count against any ceiling. The only control on the use of people like this is a dollar control.

21. Do "consultants" count against ceiling?

No. Consultants are not Government employees.

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22. Suppose one of my staff employees wishes to stay [REDACTED] for the rest of his career, should I convert him to contract?

Not necessarily. If the position is a full-time permanent one, it can be filled by either a staff or a contract employee, and once we have a single ceiling there is no advantage to the Agency in converting a full-time staff employee to full-time contract status.

23. Suppose we suddenly need 10 new "GS-13 equivalent" contract operations officers in the NE area and I find I have 10 empty "GS-7/9 equivalent" reports and operations officers slots in EA, would we need to justify this change to PMCD?

Yes, if both sets of positions are in fact classified as to grade. We believe that this problem can be overcome, however, by leaving a certain number of positions ungraded. Of course, attention must always be paid, whatever the ceiling controls, to the problem of average grade.

24. Am I correct in thinking that I can hire an individual into an FTP position either under contract or as a staff employee?

Yes.

25. Can I put a staff employee into a contract slot?

Yes.

26. Does every position I have need to be on the Position Control Register?

Yes, as a general rule. The Agency as a whole strives to have all positions accounted for on the PCR, for orderly accounting if nothing else. Note, however, that positions on the PCR can be ungraded.

27. If I have a non-full-time person now who is filling a FTP position (or some portion thereof) will I lose this position because he is not a full-time employee? Suppose I have two part-timers sharing one position?

You may if the position is needed more urgently elsewhere. But losing the ceiling does not inhibit your right to keep the part-time employee or to replace him or her with other part-time employees.

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Similarly, if two people each working part-time are needed, their continued employment would not be jeopardized by the transfer of the full-time position they have been blocking.

28. Can I hire a non-full-time employee at an equivalent annual salary level above \$36,000? How does this work?

In general, no, except as the DCI agrees.

29. Can I hire a full-time employee at a level above \$36,000 either as staff or contract employee?

No staff or contract employee occupying a full-time permanent classified position can be hired at a level above \$36,000 except in an executive pay category.

30. What has been the congressional reaction to a single ceiling? What about OMB?

Mr. Colby has discussed the general concept of the single ceiling with our congressional committees and they are agreeable. OMB is encouraging us to take the step, although they have not yet been given any details about how we propose to count our part-time personnel or the positions they have occupied. We believe that our proposal is defensible, and that it offers advantages which are well worth the risk that OMB may challenge our approach once they have all the details.